



International
Forum of Insurance
Guarantee Schemes

IFIGS

**ANNUAL REPORT OF THE
CHAIRMAN
2015**

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Message from the Chair

Dear members,

It's the 4th year of activities of IFIGS. When I accepted the honorable position of the Chair of the Executive Committee I was very enthusiastic about the future work and the idea to bring together the Insurance Guarantee Schemes of the world on a common platform. I'm still enthusiastic about this idea and I have tried to make this clear on any suitable occasion. The previous Board members made my start easier by leaving me a precious legacy: the final version of IFIGS first scientist work [?]. My personal target for the next 2 years, from my appointment as Chair, was to promote the idea of IFIGS. This was not only for the reason to capture new members - more than that, I stand for the sharing of experiences that help us build common principles for the establishment and operation of Insurance Guarantee Schemes in any jurisdiction. To achieve this, IFIGS, meaning each of its members, needs to be recognized as the most competent stakeholder when it comes to the discussion of Consumer Protection and Insurance Guarantee Schemes in the specific area of the Insurance markets. We had four occasions this year the opportunity to introduce IFIGS to a high level audience at events in Kuala Lumpur, Beijing, Taipei and at the International Association of Insurance Supervisors in Basel. These invitations, especially the one to the IAIS panel in Basel, were the result of the publication of the "funding paper". I believe, that was a good start and very good example for successful teamwork. But we should strive for more. This needs the commitment and support of every one of you. So, keep going!

As Chair, I hope with this annual report to establish a new way of communication with members. I'm conscious that closer co-operation and support with you demands regular information and communication. It's difficult to achieve that, especially on an international level in an organization with a "loose" structure. It is a discussion that started last May in Madrid and I'm sure

will continue this year. So far, I'd like to thank Mr. Kuo Bin Lin and TIGF for assuming the costs of the website for this year and 2016!

You will find in the next pages some key points of the work of the ExCo. The "projects" constitute the permanent agenda of the ExCo, and additional issues are introduced by every member. This procedure was advantageous to ease the work and co-operation between the ExCo members and facilitate the meetings which are held via Tele Conferences.

Best wishes for a successful 2016!

Nikos Pavlopoulos

Chairman

1. General Assembly 2015

The 3rd General Assembly of IFIGS took place on May 26-27, 2015 in Madrid. Full Members have elected the members of the Executive Committee as is customary in every General Meeting. A first draft of the Funding Paper was also presented to the members of IFIGS. The Members approved the amended Executive Committee Terms of Reference (ToR) subject to the changes proposed at the meeting and the revised ToR were posted on the website.

Members were also invited to send their views and proposals by the end of November as to whether IFIGS could be established as a legal or permanent body.

2. Publication of IFIGS' Funding Paper to relevant institutions

IFIGS published in August 2015 its first research paper with the title "The Principles of Funding Insurance Guarantee Schemes". The paper deals with issues of funding, reviews different approaches and summarizes the characteristics of the two alternative funding models: pre and post funding of Insurance Guarantee Schemes.

The Funding paper was sent to institutions and organizations familiar to IFIGS, such as IAIS, OECD, EIOPA, Insurance Europe etc. and was posted on IFIGS' website in order to be used to reach out to stakeholders and potential members with substance and talking points.

3. IFIGS' activity plan

The Chairman, Nikos Pavlopoulos, formulated an agenda called "IFIGS' activity plan" which will be the subject of the next ExCo meetings. Every issue on this plan is assigned as a responsibility of one member of the ExCo. This plan includes the following issues:

a. Organization of next meetings

In the last ExCo meeting on December 9, 2015, the members discussed the organization of the next regional meetings and General Assembly.

The regional meetings were organized for:

- April 2016 in Chinese Taipei and
- Fall 2016 in Romania

At this moment only the Agenda for the Asia Regional meeting in Chinese Taipei has been distributed and during February we expect to finalize the agenda for the European meeting in Romania.

Further, the Vice Chair was delegated to communicate with the Members of IFIGS in the US, in order to discuss the possible organization and the agenda of the next General meeting in autumn 2017 in the US.

b. Web library

IFIGS wishes to provide to its Members and other stakeholders, who are interested in Insurance Guarantee Schemes and policyholder protection, access to a reference library of relevant researches and publications.

Alex Kuczynski was assigned as responsible for the assessment against the IFIGS policy of any document proposed by any member to be published on the website. The website now contains numerous documents, papers and further pertinent material from international bodies such as the FSB, the European Commission and the Geneva Association.

Mr. Kuo Bin Lin is been assigned responsible for the technical update and - when necessary- upgrade of the IFIGS website.

c. IFIGS Q&A

The ExCo agreed that Q&A's are a good way to introduce IFIGS and its mandate in order to approach new potential members. Nikos Pavlopoulos assumed responsibility to publish on the website a list of frequently asked questions concerning the operation of IFIGS. The Q&A list were approved by the ExCo and posted on IFIGS' website.

d. Compilation of directory of IFIGS' Members

This directory will not only include contact information, but also a short description of the scope and the composition of the Board of Directors of each organization. The purpose of this booklet is not only to promote the vision of IFIGS, but also to inform possible future IFIGS' members about what IFIGS is.

John Keah assumed responsibility for a project, being the "compilation of a directory" of all IFIGS members and insurance organizations. The work is still in progress and the possible date for delivery is the end of the second quarter 2016.

e. Process for completing reference papers

The ExCo decided to draft a "manual" to facilitate the writing of future papers and ensure clear responsibilities during the drafting work between the working groups and its members.

Marek Monkiewicz assumed responsibility for drafting a description of proposed process for IFIGS' reference papers. The ExCo members read and reviewed this document and Alex Kuczynski, Josée Rheault and Nikos Pavlopoulos sent their comments. Marek considered the comments and developed two versions: a long detailed version and a more condensed version.

In the last ExCo meeting of December 2015 the members agreed that the long detailed version will be used as a guideline by the working groups and the condensed version will be posted on the IFIGS' website.

f. Financing plan of IFIGS

This task was assumed by the Chair's responsibility. Some thoughts were discussed during the last ExCo meeting, but no recommendation or decision has yet been made.

4. International conferences

The Members of IFIGS had also this year the opportunity of participating in international conferences. In 2015, there were 3 international conferences, one hosted by the Perbadanan Insurans Deposit Malaysia (PIDM) in Kuala Lumpur, one by the China Insurance Security Fund Co. Ltd (CISFC) in Beijing, and one by the Chinese Taipei TIGF. The Chairman also had (in January 2016) the opportunity of being one of the speakers at IAIS's resolution-related stakeholder meeting.

a. PIDM's international conference "Recovery and Resolution of Insurance Companies"

In August 2015, the Chairman of IFIGS, Mr. Nikolaos Pavlopoulos visited Kuala Lumpur, in order to attend the PIDM's International Conference "Recovery and Resolution of Insurance Companies", in the context of the 10th anniversary of the Malaysia Deposit Insurance Corporation (MDIC).

The purpose of this conference was to bring IGSs and the insurance industry together to discuss topical issues relating to the recovery and resolution of insurance companies, as well as to share experiences and establish good working relationships.

Mr. Pavlopoulos was one of the speakers at the PIDM's conference and shared his views on the need of an IGS to provide last resort protection to consumers.

The conference included many excellent speakers who discussed the benefits to an insurance market of operating an IGS. All participants greatly appreciated the conference and are looking forward to the next international event.

b. CISFC's 2015 Insurance Security Fund Forum "Strengthening Risk Management of Insurance Security Fund, Consolidating Risk Prevention Schemes for Insurance Industry"

The China Insurance Security Fund Co. Ltd hosted, in September 2015, the Insurance Security Fund Forum, in Beijing. Ms. Lee Yee Ming represented Mr. Pavlopoulos and gave a brief description of IFIGS and its purpose. This constituted a good opportunity to introduce IFIGS to the audience and boost the relationship between IFIGS and the Chinese IGS.

c. Taiwan Insurance Guaranty Fund ("TIGF"), "New Insurance Market Disciplines and International Trends of Insurers' Solvencies Supervision" conference

On December 3, 2015, the TIGF held a conference on the topic "Insurance Market Disciplines and International Trends of Insurers' Solvencies Supervision". Mr. Pavlopoulos was invited by the TIGF as representative of IFIGS having the opportunity to present the role that an IGS can play in the early warning systems. Furthermore, he had the chance to exchange ideas with the domestic stakeholders about Insurance Act amendments in recent years and insurance industry disciplines and prospects in Taiwan. Finally, the Chairman had the chance to approach new members.

**d. International Association of Insurance Supervisors (IAIS)
resolution-related stakeholder meeting in Basel**

The IAIS held, on 19 January 2016, a resolution-related stakeholder meeting in Basel. The guest speakers included representatives from supervisory authorities, insurance and reinsurance companies and some IGSs-members of IFIGS. Mr. Pavlopoulos, who represented IFIGS in a panel discussion, was invited to speak on the issue of “Loss absorbing capacity in resolution” and gave a short presentation about the role that the policyholder protection schemes can play in a resolution process. Furthermore, Mr. Pavlopoulos referred to the IFIGS funding paper and specifically to the funding methods that can be used during the resolution or recovery process.